

2009 HOUSE HUMAN SERVICES

HB 1477

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1477

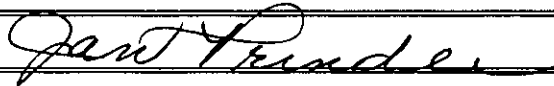
House Human Services Committee

☐ Check here for Conference Committee

Hearing Date: **January 26, 2009**

Recorder Job Number: 7760

Committee Clerk Signature



Minutes:

Chairman Weisz opened the hearing of HB 1477.

Curtis Volesky, director of eligibility for the Department of Human Services introduced the bill. **(Attachment 1)**

Chairman Weisz: Do you know how many are currently using this that end up Medicaid eligible?

Volesky: I don't know the exact number but there are quite a few people that have put money aside

Jack McDonald, representing the ND Funeral Directors Association, testified in favor of the bill. We do have three persons from our organization that will give some supportive testimony in favor of this bill. He introduced:

Terrance Hendriksen, executive director of the ND Funeral Directors Association
(Attachment 2)

Representative Conrad: If the average cost is \$9000, why did you ask for \$7000?

Hendriksen: It's an amount that the Department of Human Services felt they could live with. It was arrived at jointly. With other resources available a portion of their personal set-aside could also be used if necessary.

Mike Lerud, funeral director at Lerud-Johnson-Schuldt Funeral Home (Attachment 3)

Brad Thomas, funeral Director from Minot (Attachment 4)

Representative Conrad: What would you cut out from the \$9000 funeral to get to \$7000?

Thomas: What most families would do is purchase a less expensive casket or a less expensive burial vault or they would not spend as much on flowers or the funeral lunch and those things.

Jack McDonald: One of the issues is that the set-aside amount is \$5000; you also have the general set-aside that a person can use for any purpose and also for the funeral. In 2005 when the level was raised to that \$5000 and with the \$3000 it would be pretty close to covering a funeral. In reality what has happened is that people are a little cautious to use that \$3000 personal exemption for the funeral services. The county social services people have been sometimes recommending to people to not use it but to set it aside for personal things you need—a rainy day fund. So the funeral set-aside has been closer to \$5000 to \$6000. If you raise this to \$7000, that along with a portion the \$3000, that will bring it up to 7, 8 or \$9000.

Representative Conrad: What do most people buy with this \$3000?

McDonald: You can use it for personal needs and personal services so you may want to buy Christmas presents for their kids, get their hair done, buy a television, or things like that.

Representative Conrad: But instead we are expecting them to use it for their funeral.

McDonald: They can set aside a certain portion of that for the funeral; they want to make sure they have their nest egg there. Yes, someone is going to have to make up the difference. We hope that that difference will be partially made up by that. Right now the difference is larger. By raising this we are narrowing that difference considerably.

Representative Holman: Cremation seems to be an increasing possibility. What is the cost of that?

McDonald: Yes, but they are not without cost. There is a cost differential. Even though people choose cremation sometimes they want some of the other things that go along with a funeral which add to the costs; but it is less expensive.

Chairman Weisz: Do you have numbers from other states and what pre-needs numbers are?

McDonald: It varies a lot. Most other states go a different direction than what we have done in ND. Right now we say you can have this amount for a set-aside and we cap that. Other state, which the members of our association would say is a better way to go, is an irrevocable contract. You enter into a contract with a funeral service and you set aside what you think you want to set aside and that amount is not capped. You then use that for your funeral and if there is a balance in there it goes back to the state. Many states do that, including Minnesota. WSI just approved \$10,000 for a funeral. That's about what 46 states allow.

Representative Hofstad: Where is the money held?

McDonald: It can be held in any number of places, basically it just has to be set aside. It just has to be designated and not used for anything else.

Representative Hofstad: If it is, are there any repercussions? It just seems some could or would tap in to that.

McDonald: You would basically use your Medicaid eligibility.

Representative Hofstad: But you could be dead by the time they found out.

McDonald: They could back on your estate.

Representative Frantsvog: Can't these funds be deposited with a funeral home.

McDonald: Yes, they are put in to escrow accounts and those are regulated by the securities commission. That's not how these have to be done.

Representative Merle Boucher, District 9, testified in favor of the bill. **(Attachment 5)**

Representative Conrad: If the average funeral costs \$9300 in ND and we're increasing it to \$7000. If we were to go to the average cost would you have any trouble with that?

Representative Boucher: No, I would not. It is still not elaborate. We talk about dignity issues and people are going to set aside their own resources for that particular purpose.

Representative Conrad: I have a question for Mr. Volesky. Why did you put \$7000 in here? What was your rationale?

Volesky: Requests that we receive from the ND funeral directors association asked us to increase it from \$5000 to \$7000. That was the reason.

There being no further testimony, Chairman Weisz closed the hearing of HB 1477.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1477

House Human Services Committee

☐ Check here for Conference Committee

Hearing Date: February 3, 2009

Recorder Job Number: 8521

Committee Clerk Signature

Licky Crabtree

Minutes:

Chairman Weisz: Let's take up HB 1477, the funeral bill and it has a fiscal note.

Rep. Conrad: Motion for a DO PASS.

Rep. Potter: Second.

Rep. Porter: I'm going to oppose this from the standpoint that there is \$8,000 available inside another Medicaid program for use of the funeral. Don't necessary agree with that \$8,000 isn't enough. Think that the changes we made a couple of sessions ago is enough for the moment.

Chairman Weisz: Do you remember what we paid (inaudible) counties reimbursed for (inaudible).

Rep. Porter: Under \$3000.

Rep. Weisz: Thought it was around \$1900.

Rep. Porter: We changed it and guarantee it is under \$3000.

Rep. Kilichowski: I'm thinking our social service board is \$2000 for a funeral and \$1500-\$1800 for cremation.

Rep. Conrad: (Inaudible) situation where in nursing home and then go on Medicaid and to just allow them the average cost of \$9300 (inaudible) \$7,000 (inaudible) think that's ok.

Rep. Uglem: I paid \$8600 for a nice funeral last fall. So \$8000 should be pretty close to covering it as far as I'm concerned.

Rep. Conrad: What we are saying is that money they have set aside is all they have for personnel use. Women like to have their hair done. We expect people to make that choice.

Rep. Holman: How much of that personal money will be available for the funeral?

Rep. Porter: All of it. Your social security payment could plus or minus the recipient liability, but they can have in the bank \$3,000 and still spend the full amount of their social security payment as they go.

Rep. Holman: My position is that most cases (inaudible) in the bank.

Chairman Weisz: They may not have the five either.

(Discussion about costs of funerals and their personal choices and experiences.)

Rep. Porter: Motion for a DO PASS.

Rep. Pietsch: Second.

Roll Call Vote: 6 yes, 6 no, 1 absent, Rep. Nathe

MOTION FAILED BECAUSE OF TIE.

Rep. Porter: Motion for a DO NOT PASS.

Rep. Pietsch: Second.

Rep. Uglem: I liked to argue with Rep. Conrad.

Chairman Weisz: Rep. Uglem, we don't argue here.

Rep. Uglem: Stating that it is their money and the state is paying for their nursing home care so it's not really their money, it's tax payer's money.

Rep. Conrad: I definitely understand that, but I don't think (inaudible) program (inaudible). We are not talking about paupers, these people worked hard.

Chairman Weisz: Rep. Nathe, because of the position you are in because you obviously (inaudible), you have permission to abstain from voting.

Rep. Nathe: Thank you.

Rep. Holman: People in nursing home are our friends and neighbors are being cared for partially by Medicaid partially (inaudible).

Chairman Weisz: This doesn't preclude families from chipping in too.

Rep. Hofstad: We are making a presumption that \$8,000 is a pauper's funeral and I don't think it is.

Roll Call Vote: 6 yes, 6 no, 0 absent, 1 abstain.

Chairman Weisz: Will sit on this for a while.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1477

House Human Services Committee

☐ Check here for Conference Committee

Hearing Date: February 4, 2009

Recorder Job Number: 8602 5 min. 4 sec.

Committee Clerk Signature

Vicky Crabtree

Minutes:

Chairman Weisz: Let's take up HB 1477.

Rep. Frantsvog: Yesterday we had a 6-6 do not pass and a 6-6 do pass. I would recommend to amend the bill from \$7,000 to \$6,000 so the difference would be \$1,000.

Motion from Rep. Frantsvog.

Second from Rep. Porter to amend HB 1477 by changing Line 11 from \$7,000 to \$6,000.

Voice Vote: 13, 0, 0 absent.

Chairman Weisz: Amended bill in front of us that will go back to appropriations.

Rep. Holman made motion for a DO PASS.

Rep. Frantsvog seconded.

Roll Call Vote Taken: 8 yes, 5 no, 0 absent.

Motion carried on a DO PASS to be re-referred to Appropriations.

Bill carrier: Rep. Holman

FISCAL NOTE

Requested by Legislative Council
02/06/2009

Amendment to: HB 1477

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$178,351		\$178,351
Expenditures			\$104,649	\$178,351	\$104,649	\$178,351
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill increases the pre-need funeral set aside for Medicaid eligible clients from \$5,000 to \$6,000.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill increases the amount allowed to be set aside for pre-need funeral costs. It is estimated that 283 individuals per year will be impacted. Allowing the medicaid eligible client to set aside additional funds results in Medicaid paying a greater share of the medical costs. The Department estimates that only half of the \$1,000 increase will be spent on an individual's care. (283 x 2 years x \$1,000 x 1/2.)

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The department will be able to access \$178,351 of federal Medicaid funding.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Increased expenditures under the Medicaid grant program in the grants line item are expected to be \$283,000 in total of which \$104,649 are from the general fund.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The executive budget for the Department of Human Services (HB 1012) includes the necessary funding for the law change.

Name:	Brenda M. Weisz	Agency:	DHS
Phone Number:	328-2397	Date Prepared:	02/06/2009

FISCAL NOTE
Requested by Legislative Council
01/20/2009

Bill/Resolution No.: HB 1477

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$356,703		\$356,703
Expenditures			\$209,297	\$356,703	\$209,297	\$356,703
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill increases the pre-need funeral set aside for Medicaid eligible clients from \$5,000 to \$7,000.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill increases the amount allowed to be set aside for pre-need funeral costs. It is estimated that 283 individuals per year will be impacted. Allowing the medicaid eligible client to set aside additional funds results in Medicaid paying a greater share of the medical costs. The Department estimates that only half of the \$2,000 increase will be spent on an individual's care. (283 x 2 years x \$2,000 x 1/2.)

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The department will be able to access \$356,703 of federal Medicaid funding.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Increased expenditures under the Medicaid grant program in the grants line item are expected to be \$566,000 in total of which \$209,297 are from the general fund.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The executive budget for the Department of Human Services (HB 1012) includes the necessary funding for the law change.

Name:	Brenda M. Weisz	Agency:	DHS
Phone Number:	328-2397	Date Prepared:	01/23/2009

Date: 2-3-09
Roll Call Vote #: /

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1447

House HUMAN SERVICES

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Rep. Conrad Seconded By Rep. Potter

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN ROBIN WEISZ		<input checked="" type="checkbox"/>	REP. TOM CONKLIN	<input checked="" type="checkbox"/>	
VICE-CHAIR VONNIE PIETSCH		<input checked="" type="checkbox"/>	REP. KARI L CONRAD	<input checked="" type="checkbox"/>	
REP. CHUCK DAMSCHEN		<input checked="" type="checkbox"/>	REP. RICHARD HOLMAN	<input checked="" type="checkbox"/>	
REP. ROBERT FRANTVOG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	REP. ROBERT KILICHOWSKI	<input checked="" type="checkbox"/>	
REP. CURT HOFSTAD		<input checked="" type="checkbox"/>	REP. LOUISE POTTER	<input checked="" type="checkbox"/>	
REP. MICHAEL R. NATHE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
REP. TODD PORTER		<input checked="" type="checkbox"/>			
REP. GERRY UGLEM		<input checked="" type="checkbox"/>			

Total (Yes) 6 No 6

Absent 1 Rep. Nathe

Bill Carrier _____

If the vote is on an amendment, briefly indicate intent:

Vote FOR A Do Pass

Date: 2-3-09
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1477

House HUMAN SERVICES Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ Amended

Motion Made By Rep Porter Seconded By Rep. Pietsch

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN ROBIN WEISZ	✓		REP. TOM CONKLIN		✓
VICE-CHAIR VONNIE PIETSCH	✓		REP. KARI L CONRAD		✓
REP. CHUCK DAMSCHEN	✓		REP. RICHARD HOLMAN		✓
REP. ROBERT FRANTSVOG		✓	REP. ROBERT KILICHOWSKI		✓
REP. CURT HOFSTAD	✓		REP. LOUISE POTTER		✓
REP. MICHAEL R. NATHE					
REP. TODD PORTER	✓				
REP. GERRY UGLEM	✓				

Total (Yes) 6 No 6

Absent 1 abstain Rep. Nathe

Bill Carrier _____

If the vote is on an amendment, briefly indicate intent:

Vote For Do Not Pass

VR
2/4/09

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1477

Page 1, line 11, replace "seven" with "six"

Page 1, line 21, replace "seven" with "six"

Renumber accordingly

Date: 2-4-09
Roll Call Vote #:

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1477

House HUMAN SERVICES Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ Amended

Motion Made By Rep. Holman Seconded By Rep. Frantsov

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN ROBIN WEISZ		<input checked="" type="checkbox"/>	REP. TOM CONKLIN	<input checked="" type="checkbox"/>	
VICE-CHAIR VONNIE PIETSCH		<input checked="" type="checkbox"/>	REP. KARI L CONRAD	<input checked="" type="checkbox"/>	
REP. CHUCK DAMSCHEN		<input checked="" type="checkbox"/>	REP. RICHARD HOLMAN	<input checked="" type="checkbox"/>	
REP. ROBERT FRANTSOV	<input checked="" type="checkbox"/>		REP. ROBERT KILICHOWSKI	<input checked="" type="checkbox"/>	
REP. CURT HOFSTAD	<input checked="" type="checkbox"/>		REP. LOUISE POTTER	<input checked="" type="checkbox"/>	
REP. MICHAEL R. NATHE	<input checked="" type="checkbox"/>				
REP. TODD PORTER		<input checked="" type="checkbox"/>			
REP. GERRY UGLEM		<input checked="" type="checkbox"/>			

Total (Yes) 8 No 5

Absent _____

Bill Carrier Rep. Holman

If the vote is on an amendment, briefly indicate intent:

*Change line 11 on bill
from \$7,000 to \$6,000 AS Amended
Re Refer To APPROP*

REPORT OF STANDING COMMITTEE

HB 1477: Human Services Committee (Rep. Weisz, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (8 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1477 was placed on the Sixth order on the calendar.

Page 1, line 11, replace "seven" with "six"

Page 1, line 21, replace "seven" with "six"

Renumber accordingly

2009 HOUSE APPROPRIATIONS

HB 1477

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1477

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 12, 2009

Recorder Job Number: 9401

Committee Clerk Signature

R. Mae Bush

Minutes:

Rep. Weisz explained the bill HB 1477.

Rep. Pollert: It could go up to \$7,000. Correct?

Rep. Weisz: Currently there is a \$3000 miscellaneous allowance and there is \$5000 for the funeral. So they could go up to \$8000. The testimony was that didn't leave money for other misc. expenses. The average funeral in ND is about \$9300.

Rep. Bellew: Did the funeral directors give you a breakdown of funeral costs?

Rep. Weisz: Yes.

Chm. Svedjan: What constitutes that \$9300 figure?

Rep. Weisz: This is an example of about an \$8600 funeral. Caskets runs about \$2000 (can vary from \$1500 to \$10,000+), Vault \$1200, grave opening/closing \$500, music \$200, burial container \$1300, flowers \$321, groceries \$150.

Chm. Svedjan: With that additional \$3000, you could get up to the \$9000 figure.

Rep. Nelson: Wasn't the pre-need built up to \$7000 in the Governor's budget? So this would be \$1000 less than the executive recommendation?

Rep. Weisz: The Governor's budget did have \$7000 which would save \$104,000.

Chm. Svedjan: How many people who qualified under Medicaid still have sheltered assets?

Rep. Weisz: No that discussion didn't take place. There was discussion that family members could contribute over and above what the funeral was.

Rep. Pollert: I've seen figures that the national average is in the low \$7000s. Is the \$9000 a ND average?

Rep. Weisz: That includes cremation which is considerably less. Cremation can be \$3000 - \$6000.

Chm. Svedjan: Did you get an indication as the extent at which families make up the difference for the individual who has been on State Public Assistance.

Rep. Weisz: There was no testimony.

Rep. Ekstrom: I sell pre-need funeral insurance. One of the deciding factors of whether there needs to be made up money, the original funeral contract was for \$7500. If they don't feel that was enough, they will make up. But very frequently what we can do is reduce the level of the outer burial container, instead of it being a sealed vault it will be a concrete box which is about \$300-400 less. There are ways to make this work. Cremation is what is driving the national average. Ten years ago 60% of the folks had a traditional funeral. 40% were doing cremation. That number has flipped over. This generation of folks, it's 60/40 cremation.

Chm. Svedjan: What were the concerns of the 5 who voted against this bill?

Rep. Weisz: One issue was that family members could contribute. You can use the \$3000 and be at the \$8000 under the current law. Those were the two main issues.

Chm. Svedjan: When was the last time this was increased?

Rep. Weisz: '05.

Rep. Metcalf: We talk as if the \$3000 is always going to be there. It could be spent down to \$10 or \$2000.

Rep. Pollert: I move a Do Not Pass.

Rep. Kreidt: Seconded the motion.

Rep. Ekstrom: I strongly resist this motion. The cost of funerals is very high. It's the last service we provide people. It's the last request. It's a matter of dignity and closure for these families.

Rep. Kaldor: I also resist the motion. This isn't unlike many things we deal with in the legislature. We vote for increases for ourselves because the costs go up. We need to monitor this. In MN they track this based on inflation. We should be adjusting this.

Chm. Svedjan: Who wants this legislation? Is it the directors or is it the Medicaid recipients.

Rep. Weisz: I'm not sure how to respond to this? There were medical directors there who thought there wasn't enough to put on a funeral. Their testimony was based on their clientele.

Chm. Svedjan: Who derives the benefit? Rep. Kaldor says it sounds as though the Medicaid recipient is the one who wants the increase. On the other hand the only people arguing for it are the funeral directors. My point is that healthcare has been giving away healthcare services for Medicaid recipients for a long time where their cost isn't covered. Are the mortuaries wanting this increase for their benefit or is it for the recipient? Why is it right here and it's not right there? (Rebasing).

Rep. Weisz: The testimony provided came from funeral directors and they provided testimonies from their clients. The family was under the assumption there was money to do the type of funeral they thought they deserved.

Rep. Ekstrom: I understand where you're coming from. There are many times when we deal with people who have no assets and that becomes a county burial. The Cass County coroners have told us they are not paying us for picking up a coroner call. We still get nothing. The people have to be buried or cremated. Like an emergency room we have to take that client.

We are reimbursed by the county \$2000 for a burial – much below our cost. For a cremation, \$1281.

Chm. Svedjan: For the person who has no resources, how does this help?

Rep. Ekstrom: But you're saying the industry doesn't do pro bono work. We do a lot.

Chm. Svedjan: That almost sounds like an argument against this bill.

Rep. Kaldor: We all pay for this when the costs aren't covered. You could argue that all of this fiscal effect goes to the mortuary. Those who go for pre-need funeral arrangements are told they will not get much for this money. I think this is a small thing we are doing for that group of people and those they serve.

Rep. Pollert: Four years ago when this bill came forward, I asked the funeral directors, will you lower the costs to the private payers and they said no. I think their response will be the same today. When they come in, the cost for the private payer should drop. But I bet we won't see it.

Rep. Wald: My father-in-law was a funeral director. When he sold his business some 30 years ago, he wrote off in excess of a quarter million dollars in accounts receivable. I have conflict because I work with both funeral directors in Dickinson. I will vote no on the Do Not Pass.

A Roll Call vote was taken for Do Not Pass. **Yes: 10, No: 12, Absent: 3,**
(Representatives Wieland, Onstad, Kerzmann).

Chm. Svedjan: Motion fails

Rep. Ekstrom: I move a Do Pass.

Rep. Kaldor: Seconded the motion.

A Roll Call vote was taken for Do Pass. **Yes: 14, No: 8, Absent: 3,** (Representatives Wieland, Onstad, Kerzmann).

Chm. Svedjan: Motion carries.

Rep. Weisz: Rep. Hofstad (he meant Rep. Holman) will carry the bill.

Date: 2/12/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1477

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Failed
Action Taken

Do Not Pass

Motion Made By

Pollert

Seconded By

Kreidt

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber		✓
Rep. Wald		✓	Rep. Onstad		✓
Rep. Hawken		✓	Rep. Williams		✓
Rep. Klein		✓			
Rep. Martinson		✓			
Rep. Delzer	✓		Rep. Glassheim		✓
Rep. Thoreson	✓		Rep. Kaldor		✓
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom		✓
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt	✓		Rep. Metcalf		✓
Rep. Nelson		✓			
Rep. Wieland		✓			

Total (Yes) 10 No 12

Absent 3

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2/12/09
Roll Call Vote #: 8

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1477

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken _____

Motion Made By _____

Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich		✓			
Rep. Skarphol		✓	Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glassheim	✓	
Rep. Thoreson		✓	Rep. Kaldor	✓	
Rep. Berg		✓	Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert		✓	Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman	✓	
Rep. Kreidt		✓	Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 14 No 8

Absent 3

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 13, 2009 1:53 p.m.

Module No: HR-28-2680
Carrier: Hofstad
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1477, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)
recommends **DO PASS** (14 YEAS, 8 NAYS, 3 ABSENT AND NOT VOTING).
Engrossed HB 1477 was placed on the Eleventh order on the calendar.

2009 SENATE HUMAN SERVICES

HB 1477

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1477

Senate Human Services Committee

☐ Check here for Conference Committee

Hearing Date: 3/02/09

Recorder Job Number: 9938

Committee Clerk Signature

Mary K. Monson

Minutes:

Senator J. Lee opened the hearing on HB 1477 relating to the exempt amount of designated pre-need funeral service contracts in considering eligibility for medical assistance.

Jack McDonald (ND Funeral Directors Association) provided testimony in favor of HB 1477.

See attachment #1.

Senator Dever tried to recall the history of the bill from last session and asked if there was any point in trying to go back up to \$7000.

Mr. McDonald replied that in 2005 the bill was introduced as \$5500 in the House who dropped it to \$5000. The Senate restored it to \$5500 and it went to Conference Committee. He thought that \$1000 would be adequate and thought that \$2000 would be hard to get out of the House.

Rep. Merle Boucher (District 9) testified in support of HB 1477. Attachment #2

Robert Eastgate (ND funeral Directors Association) testified in support of HB 1477.

Senator J. Lee observed that the older generation is most likely to be reluctant to accept kind of public assistance in taking care of these type of details.

Mr. Eastgate replied that there is a psychological aspect to this especially with older people.

Maggie Anderson (Dept. of Human Services) testified in support of HB 1477. Attachment #3

Brian Quigley (Mountrail Co. Social Services) testified in support of HB 1477 and added clarification to some of the prior testimony. He said Mr. McDonald led him to believe that \$6000 would be available for set aside plus they could use any part of the \$3000 in addition. The only way they can do that is if it is pre designated.

Senator Erbele asked if the designated funds have to be like a pre buy funeral or if it can be just designated.

Mr. Quigley replied that there is a specific format that is used to designate that money.

Mr. McDonald said that it can be put aside any way they want – a CD in a bank, a checking account, a saving account – it just has to be a designation somewhere.

There was no opposing or neutral testimony.

The hearing on HB 1477 was closed.

Discussion that \$5000 can be set aside on Medicaid. Asset allowance is \$3000 that can be had over the 5.

Senator J. Lee asked Ms. Anderson to talk about the idea of additional other funds coming in that would offset any additional general fund expenditure.

Ms. Anderson explained that with regard to the estimate those are the additional Medicaid dollars that would be spent because these individuals would be eligible for Medicaid sooner. Those other dollars are federal dollars coming in.

Senator Erbele asked what happens if part of that \$3000 is not designated – are they out of luck?

Ms. Anderson said yes that was her understanding.

Senator Heckaman asked about how many funerals are in the \$6000 range.

Mr. Eastgate answered that in Bismarck one of the factors that will affect the cost is families who choose cremation. Families who choose cremation in Bismarck is about 25%. Many of those services would fall under the \$6000.

He also talked about the interest earnings on this account.

Senator Dever pointed out that increasing to \$7000 could most likely lead to a conference committee and possibly jeopardize the bill.

Senator J. Lee asked Mr. McDonald if going back to \$7000 could jeopardize the bill.

Mr. McDonald said that was his personal belief.

Senator Dever moved a **Do Pass and rerefer to Appropriations**.

Second by **Senator Erbele**.

Roll call vote 5-0-1. Motion carried.

Carrier is **Senator Dever**.

Date: 3/2/09

Roll Call Vote #: _____

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1477

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Rerefer to Appropriations
☐ Adopt Amendment ☐ Reconsider

Motion Made By Sen. Dever Seconded By Sen. Erbele

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee, Chairman	✓		Senator Joan Heckaman	✓	
Senator Robert Erbele, V.Chair	✓		Senator Richard Marcellais		
Senator Dick Dever	✓		Senator Jim Pomeroy	✓	

Total (Yes) 5 No 0

Absent 1

Floor Assignment Senator Dever

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1477, as engrossed: Human Services Committee (Sen. J. Lee, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1477 was rereferred to the Appropriations Committee.

2009 SENATE APPROPRIATIONS

HB 1477

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1477

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 03-10-09

Recorder Job Number: 10598

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee back to order in reference to HB 1477 in regards to Relating to the exempt amount of designated pre-need funeral service contracts in considering eligibility for medical assistance.(1.52)

Jack McDonald, on behalf of the ND Funeral Directors Association testified in favor of HB 1477 and provided written testimony # 1. He stated the appropriation for this is in the Governor's budget and is contained in HB 1012, the Department of Human Services appropriation. 7.23)

Written testimony #2 was submitted to the committee from Brad Thomas requesting a do pass.

Senator Krauter stated that yesterday we passed a bill that raised the WSI allowances up. He had further questions regarding the comparison of the money in that bill and this one.

Jack McDonald said we testified in favor of that bill. One of the answers you are dealing with a different cliental than in the WSI bill. This bill is usually for our aging folks in ND. Whereas the WSI bill would be for anyone who receives WSI benefits. You are right that did reflect the costs of funeral. You tend to think of costs is the casket and the service itself, but there are other expenses as well. There is a lot of costs involved.

Chairman Holmberg if you were in Grand Forks you would also pay assessment for flood insurance.

Robert Eastgate, Funeral Director, Eastgate and Parkway and a chapel in Steele, ND.

There are all kind of things that enter into the costs of a funeral. One lady had done pickles up for her funeral, the family brought them in, and we served them at the lunch. When it comes time for the funeral we try to be there for the families. When they reach that point when they apply for medical assistance, they are told they can set money aside for the funeral plan, we identify for them under the current statute what they can do and how much they can set aside. There are 4 parts, services, casket, vault, and cash advance amount. The cash advance amount could include the fees for the pastor, musician, death certificate, flowers, even cemetery space and the families are allowed to set that money aside, but sometimes that amount in the cash advance could not cover the cost of the cemetery space. That money is going to be spent some way, somehow, in order to qualify they have to spend down assets, on things they usually don't need. The older folks want to pay for their own funeral.

Senator Robinson asked why the House reduced the amount.

Jack McDonald said it was based primarily somewhat arbitrary. There was a lot of opposition to any increase. There was a strong move to eliminate this bill all together. He was asked if he considers this a victory coming out of the House and he said yes.

Senator Mathern asked how would a funeral look and be prepared between the poor person's funeral and more wealthy person.

Bob Eastgate stated that you won't see much difference, what happens when families come in with a limited amount of funds, we provide the same service, and provide a casket that has dignity. The most important thing is not the casket, it is the service. I don't think you would really see the difference. That also means we are absorbing a lot of costs when we do that less expensive funeral.

Chairman Holmberg said I have been to a lot of funerals for people who could not afford an expensive casket and so forth and they were with dignity.

Robert Eastgate stated it is a financial catastrophe, The nursing home wipes out their estate very quickly, it doesn't take long to use up their resources.

Senator Mathern asked about rulings regarding home made caskets He says he is building his own.

Robert Eastgate said it needs to be reliable but there are no rules. There is a monastery in Indiana where the monks build the caskets, it was meaningful to a family and we accept them.

Senator Krebsbach said occasionally you hear of people being buried in their favorite car, or something like that. Does that happen here.

Robert Eastgate said it does not happen in North Dakota that he is aware of. A lot of casket and urn companies try to make their product represent more personality.

Chairman Holmberg aren't some colleges utilizing that you can get an official ASU casket.

Senator Robinson had questions regarding if there are a great deal of very expensive or elaborate funerals.

Robert Eastgate said we don't see that kind of thing occurring yet, but there are places where they do have that. Those are types of businesses serving a certain cliental.

Maggie Anderson, Dept of Human Services provided written testimony # 3. Entitled History of Funeral Set Aside which gives a breakdown of monies set aside during the years. This form states the language for the change in the set aside is contained in 2009 HB 1477.

Senator Fischer asked what was done before 1981.

Maggie Anderson commented there was non set aside before that.

Senator Christmann asked if the term county burial is used, does the county pay for it.

Jack McDonald stated yes. Each county sets their own level and pays it and negotiates with the funeral director. It is county money.

Senator Seymour gave comments concerning a person who sewed the lining for a casket because it was the wrong color and the funeral home allowed that.

Chairman Holmberg closed the hearing on HB 1477. Discussion followed if they wanted to pass this bill out. He asked the folks working with Human Services. They were ok with that.

Senator Mathern suggested adding a higher dollar amount to the bill.

Senator Christmann stated that may be enough that the House would kill the bill.

In the end it was left as introduced to the committee.

SENATOR FISCHER MOVED A DO PASS. SECONDED BY SENATOR SEYMOUR. A ROLL CALL VOTE WAS TAKEN RESULTING IN 14 YEAS, 0 NAYS, 0 ABSENT. SENATOR DEVER FROM HUMAN SERVICES WILL CARRY THE BILL.

Chairman Holmberg closed the hearing on HB 1477.

Date: 3/10/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1471

Senate Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Sen Fischer Seconded By Tom Seymour

Representatives	Yes	No	Representatives	Yes	No
Senator Wardner	<input checked="" type="checkbox"/>		Senator Robinson	<input checked="" type="checkbox"/>	
Senator Fischer	<input checked="" type="checkbox"/>		Senator Lindaas	<input checked="" type="checkbox"/>	
V. Chair Bowman	<input checked="" type="checkbox"/>		Senator Warner	<input checked="" type="checkbox"/>	
Senator Krebsbach	<input checked="" type="checkbox"/>		Senator Krauter	<input checked="" type="checkbox"/>	
Senator Christmann	<input checked="" type="checkbox"/>		Senator Seymour	<input checked="" type="checkbox"/>	
Chairman Holmberg	<input checked="" type="checkbox"/>		Senator Mathern	<input checked="" type="checkbox"/>	
Senator Kilzer	<input checked="" type="checkbox"/>				
V. Chair Grindberg	<input checked="" type="checkbox"/>				

Total Yes 14 No 0

Absent 0

Floor Assignment Denver Back to Human Services

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 10, 2009 2:35 p.m.

Module No: SR-43-4493
Carrier: Dever
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1477, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1477 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

HB 1477

#1

Testimony
House Bill 1477 – Department of Human Services
House Human Services Committee
Representative Robin Weisz, Chairman
January 26, 2009

Chairman Weisz, members of the Human Services Committee, I am Curtis Volesky, Director of Eligibility for the Department of Human Services. I am here in support of House Bill 1477.

The current asset limit for Medicaid eligibility is set at \$3,000 for a single household and \$6,000 for a two-member household. In addition, each eligible individual may have a pre-need funeral account of up to \$5,000. A recipient could designate any part of the \$3,000 asset allowance to also be used for funeral expenses. All earnings from the pre-need funeral accounts are not counted toward the asset limit. The current limit has been in effect since July 2005, at which time it was increased from \$3,000 to \$5,000.

During the current interim, the North Dakota Funeral Directors Association provided information to the Department that demonstrates the average cost for a funeral is \$9,314; they also requested the funeral set aside be increased to \$7,000.

The 2009-2011 Department of Human Services Executive Budget contains the funding (\$566,000 in total funds, of which \$209,297 are general funds) to increase the funeral set aside from \$5,000 to \$7,000. This funding is based on the Department's estimate of the additional costs that will be incurred because individuals will be able to set aside additional assets and, therefore, will become eligible for Medicaid earlier than under the current limits on pre-need funeral funds.

Contingent upon approval of the Centers for Medicare and Medicaid Services (CMS), this increase is expected to be effective July 1, 2009.

I would be happy to respond to any questions you may have.

North Dakota House of Representatives Human Services Committee**Regarding HB 1477**

I am Terrance Henriksen, executive director of the North Dakota Funeral Directors Association. I have been a licensed funeral director since 1975 and although retired from funeral service, still work in a funeral home on occasion.

In 1975, \$3000.00 could be set aside for a funeral. At that time, \$3000.00 bought a fairly nice casket, vault and service. It also paid for the grave opening, flowers, a stipend for the soloist and accompanist, clergy and typically the church ladies for serving a lunch. That same service today is running close to \$9000.00 plus the paid obituaries, grave opening, flowers and stipends to clergy, singer and accompanist. You can see that even \$7000.00 isn't enough.

My wife's parents have limited resources. They are living on the "notch" Social Security and two very small pensions. The rent they pay doesn't come close to what it should be, thanks to a very generous daughter. (They don't even know they are paying about 1/2 the actual rent). They each have a \$5000.00 funeral insurance policy which they purchased when they inherited a small amount from a bachelor brother. At the time, \$5000.00 was all they could have and still qualify for Medical Assistance. (They don't know that this won't be enough for the funeral they would like and I would prefer they maintain their dignity, believing their final expenses are covered). Chances are very good that neither of them will ever need a nursing home or need to qualify for Medical Assistance.

Ladies and gentlemen, these are primarily the people who benefit from this. North Dakota citizens with lots of money hire lawyers to set things up to minimize problems. In my opinion, the actual number of people who would utilize the full amount is far fewer than the estimates of the Department of Human Services.

By being able to have \$7000.00 to \$9000.00 for a funeral, we are not encouraging people to find ways to shelter more money. While this amount is low, it is an honest number and should provide something close to the funeral that many people desire.

LERUD-JOHNSON-SCHULDt

FUNERAL HOME

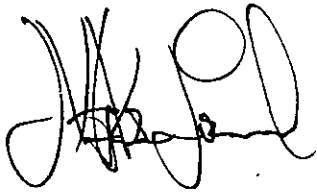
#3

January 26, 2009

My name is Michael Lerud; I am a Funeral Director and partner at the Lerud-Johnson-Schuldt Funeral Home located in Valley City. I am here today to provide some information and to help clarify the purpose of the proposed legislation in **House Bill #1477**.

The purpose of this bill is to increase the amount of money one can set aside to help fund a funeral. In 2005, the Legislature increased that amount to \$5,000, which even at that time was about \$2,000 short of paying for an average funeral. Today, with the state of the economy, record increases from all of our suppliers and increases in our overhead fees, we have seen the average cost of a funeral service in North Dakota rise to \$8,500 to \$9,500. At the present time, if a family sets aside the \$5000 and also earmarks \$2500 of the \$3000 additional assets one is allowed to have, they are still \$1000 to \$2000 short. These figures come from four different areas: Funeral Home Service Charges, Merchandise Selected, Cash Advance Items, and Additional Items Ordered. I have included two actual examples of services that our firm provided last year to help clarify these charges, example A and example B.

These changes are not being sought to benefit the funeral industry, they are sought so that a person is able to set aside funds to provide a funeral service, so their surviving loved ones will know that it will be paid for in full. This Bill will allow individuals peace of mind knowing that their funeral service is fully funded and will not provide additional debt, hardship and grief on their survivors. The job of the Legislators are to be stewards for the state of North Dakota, by supporting this bill you are telling the residents of this Great State that you truly have their best interest at heart. Thank you for your time,



Michael J. Lerud

Charges below are only for those items that are used

A) CHARGES FOR OUR SERVICES SELECTED:

Professional Staff Services for the arrangement, supervision, and for administrative service
Embalming*
Other Care and Preparation of Deceased

\$1,750.00
450.00
175.00

FACILITIES AND EQUIPMENT

- a) Use of facilities and equipment for viewing and/or prayer service at Lerdud-Johnson-Schuldt Funeral Home
b) Use of facilities and equipment for funeral ceremony at Lerdud-Johnson-Schuldt Funeral Home

395.00
395.00

OR

- a) Use of equipment for viewing and/or prayer service at church or other location
b) Use of equipment for funeral ceremony at church or other location

395.00
395.00

AUTOMOTIVE EQUIPMENT

- Transfer of Body to facilities
Funeral Coach
Other Automotive

200.00
225.00
100.00

SUB-TOTAL SERVICES SELECTED

\$3,690.00

B) CHARGES FOR MERCHANDISE SELECTED

- Casket, other receptacle Silver Blue
Outer burial container* Monika
Clothing
Cremation urn/cremains container
Flowers
Acknowledgement Cards, Register Book and Service Folders
Additional Printing

1895.00
1245.00
-
-
-
225.00
25.00

Tax
Lettering of marker
Marker/monument

SUB-TOTAL MERCHANDISES SELECTED

3440.00

* North Dakota law requires embalming only under certain conditions. You do not have to pay for embalming you did not approve if you selected arrangements such as direct cremation or immediate burial.

- Reason: NDAC 33-06-15-01 paragraph 2b
Crematory may require outer burial container () Yes
Crematory may require alternative container () Check and initial if required.
Check and initial if required.

C) SPECIAL CHARGES

- Forwarding remains
Receiving remains
Immediate burial/cremation

0.00
0.00
0.00

SUB-TOTAL SPECIAL CHARGES

0.00

D) CASH ADVANCED ON YOUR BEHALF:

- Cemetery Charges
Crematory Charges**
Transportation
(described)

500.00
50.00
0.00
0.00

SUB-TOTAL, CASH ADVANCE BY THIS FIRM

1083.00

(The difference between the actual and estimated costs will be an adjustment to the Total Amount stated on this Funeral Purchase Record.)

SUMMARY OF CHARGES

- A. Services selected
B. Merchandise selected
C. Special charges
D. Cash advanced on your behalf

3690.00
3440.00
1083.00
0.00

TOTAL OF ALL CHARGES

8213.00

LERUD-JOHNSON-SCHULDT FUNERAL HOME, INC.

515 Central Avenue North
Valley City, ND 58072
1-701-845-3232
Michael Lerud - Duane Johnson - Allen Schuldt
Licensed Directors

FUNERAL PURCHASE RECORD STATEMENT OF FUNERAL GOODS AND SERVICES SELECTED

Full name of deceased Janet A. [REDACTED]
(PLEASE PRINT NAME)

Deceased is Wife / Mother of person arranging services.
(Give Relationship)

1. Total charges (A) (B) (C) (D) \$ 8213.00
2. Additional items ordered later
Flowers (150 + 26.75) * 7% TX \$ 321.00
Cookies for lunch (20 + 10%) \$ 150.00

It is agreed any additional items ordered later shall become a part of this agreement and shall be inserted therein.

TOTAL OF ALL CHARGES

\$ 8684.00

Terms of Payment: (30 days no interest)

() Not Applicable

() Not Applicable

Payment of the total amount is due in full on Feb 8 08 (due date). If the total amount is not paid by the due date, a penalty of 1.00% per month (12.00% per annum) for UNANTICIPATED LATE PAYMENT will be charged on the unpaid amount from the due date until the date payment is received to compensate for additional administrative expense and inconvenience. The Purchaser(s) also agree(s) to pay all costs of collection, including reasonable attorney's fees, in the event that payment of the total amount is not made according to Terms of Payment described above.

We agree to provide the service and furnish the merchandise indicated above

LERUD-JOHNSON-SCHULDT FUNERAL HOME, INC.

BY

I, or we, have read, accept, and approve the terms of this Funeral Purchase Record and do jointly and severally ("separately") promise to make payment according to the Terms of Payment described above. A copy of this Funeral Purchase Record has been given to me.

(Signature of Purchaser)

(Signature of Purchaser)

Address

(Signature of Purchaser)

City

State

Zip

The only warranties, expressed or implied, granted in connection with goods sold are the expressed written warranties, if any, extended by the manufacturers thereof.

North Dakota law does not require that remains be placed in a casket before or at time of cremation.

Example A

Charges below are only for those items that are used

A) CHARGES FOR OUR SERVICES SELECTED:
Professional Staff Services for the arrangement, supervision, and for administrative service
Embalming
Other Care and Preparation of Deceased

\$1,750.00
450.00
175.00

FACILITIES AND EQUIPMENT

a) Use of facilities and equipment for viewing and/or prayer service at Lerud-Johnson-Schuldt Funeral Home
b) Use of facilities and equipment for funeral ceremony at Lerud-Johnson-Schuldt Funeral Home

395.00
395.00

OR

a) Use of equipment for viewing and/or prayer service at church or other location
b) Use of equipment for funeral ceremony at church or other location

395.00
395.00

AUTOMOTIVE EQUIPMENT

Transfer of Body to facilities
Funeral Coach
Other Automotive

200.00
225.00
100.00

SUB-TOTAL SERVICES SELECTED

\$3,990.00

B) CHARGES FOR MERCHANDISE SELECTED

Casket, other receptacle Belmont
Outer burial container Willard General Line
Clothing
Cremation urn/cremains container
Flowers
Acknowledgement Cards, Register Book and Service Folders
Additional Printing
Pick-up & delivery
Folder

3300.00
995.00
-
-
-
225.00
45.00
-
-
-

Tax
Lettering of marker
Marker/monument

-
-
-

SUB-TOTAL MERCHANDISES SELECTED

4545.00

North Dakota law requires embalming only under certain conditions. You do not have to pay for embalming you did not approve if you selected arrangements such as direct cremation or immediate burial.

Reason: NDAC 33-06-15-01 paragraph 2b
Crematory may require outer burial container
() ML Check and initial if required.
Crematory may require alternative container
() Check and initial if required.

North Dakota law does not require that remains be placed in a casket before or at time of cremation.

C) SPECIAL CHARGES

Forwarding remains
Receiving remains
Immediate burial/cremation

0
0
0

D) CASH ADVANCED ON YOUR BEHALF:

Crematory Charges
Transportation
(described)

50.00
50.00

Grave opening and closing 500.00
Clergy, Church 150.00
Music 75/75 15 150.00
Obituary notices 15.00
Certified copies of death 10 23.50
Halterdresser
Groceries
Donation lunch
Church janitor
Casket fee
50.00
225.00
10.00

SUB-TOTAL, CASH ADVANCE BY THIS FIRM 948.00

(The difference between the actual and estimated costs will be an adjustment to the Total Amount stated on this Funeral Purchase Record.)

SUMMARY OF CHARGES

A. Services selected 3690.00
B. Merchandise selected 4545.00
C. Special charges 45.00
D. Cash advanced on your behalf 948.00
TOTAL OF ALL CHARGES 9183.00

LERUD-JOHNSON-SCHULDT FUNERAL HOME, INC.
515 Central Avenue North
Valley City, ND 58072
1-701-845-3232
Michael Lerud - Duane Johnson - Allen Schuldt
Licensed Directors

FUNERAL PURCHASE
RECORD STATEMENT
OF FUNERAL GOODS
AND SERVICES SELECTED

Deceased is Husband & Wife of person arranging services.
(Give Relationship)
Total charges (A) (B) (C) (D) \$ 9183.00

Full name of deceased June 30 20 08
(PLEASE PRINT NAME)

Additional items ordered later
Gravestone for Lerud (c. 100) \$ 345.00
Gravestone for Lerud (c. 100) \$ 475.00
Flowers (175 x 70 x 75) \$ 187.50
Buyer for TMS \$ 25.00

It is agreed any additional items ordered later shall become a part of this agreement and shall be inserted therein.

Terms of Payment: (30 days no interest)
TOTAL OF ALL CHARGES \$ 9735.25

() Applicable

() Not Applicable

Payment of the total amount is due in full on Aug 1, 2008 ("due date"). If the total amount is not paid by the due date, a penalty of 1.00% per month (12.00% per annum) for UNANTICIPATED LATE PAYMENT will be charged on the unpaid amount from the due date until the date payment is received to compensate for additional administrative expense and inconvenience. The Purchaser(s) also agree(s) to pay all costs of collection, including reasonable attorney's fees, in the event that payment of the total amount is not made according to Terms of Payment described above.

We agree to provide the service and furnish the merchandise indicated above.

LERUD-JOHNSON-SCHULDT FUNERAL HOME, INC.

I, or we, have read, accept, and approve the terms of this Funeral Purchase Record and do jointly and severally ("separately") promise to make payment according to the Terms of Payment described above. A copy of this Funeral Purchase Record has been given to me.

Signature of Purchaser
Signature of Purchaser
Signature of Purchaser

The only warranties, expressed or implied, granted in connection with goods sold are the expressed written warranties, if any, extended by the manufacturers thereof.

Example B

#4

January 24, 2009

Please be aware that in the coming days you will be asked to vote on HB 1477. This legislation will increase the Medicaid prepaid funeral account asset exemption from \$5,000.00 to \$7,000.00. I respectfully request that you vote with the following information in mind.

1) This bill was crafted by the North Dakota Funeral Directors Association following discussion with the North Dakota Department of Human Services personnel and former Representative Clara Sue Price. Governor Hoeven felt comfortable enough about this legislation to include it in his budget.

2) The 2005 Legislature increased the prepaid funeral account asset exemption from \$3000.00, which it had been since 1981, to \$5000.00 in the hope that this, combined with the \$3000.00 available under the personal assets set aside, would allow North Dakotans to have an average North Dakota funeral.

3) However, in reality most individuals are reluctant to use all of their \$3000.00 personal assets set aside for a funeral when they may need it for other, personal needs. And, the county social service personnel, attorneys and nursing home personnel have been reluctant to advise recipients to use any of it for funeral purposes. Thus, in reality, the funeral allowance has remained at approximately \$5000.00 to \$6000.00 rather than increasing to the \$7500.00 - \$8000.00 anticipated with the 2005 change.

4) This change is being sought not to benefit the funeral industry but rather North Dakota citizens, usually the elderly who have lived their lives in North Dakota and now find themselves on Medicaid. These are our parents. They deserve the best we can give them. We have found that usually the difference between what individuals usually now set aside for a funeral (\$5000.00 to \$6000.00) and the cost of an average North Dakota funeral (\$9313.59) is borne by their aging spouses, their children or friends and relatives. **THIS IS WHO WILL BENEFIT FROM THIS CHANGE.**

5) The costs for the most commonly requested North Dakota funeral now average \$9313.59. This is an increase of 16% over the 2004 figure of \$7848.35.

6) The costs of an average funeral listed above include cash advance items such as flowers, grave opening and closing, clergy, food etc... the cost of some of these items, as you know, are spiraling out of control. This increase will at least soften the blow to the elderly and their families.

7) Some will argue that the increasing use of cremation may change these factors. It does, but not by much. Cremation is only used in about 25% or so of North Dakota funerals now. And, the average North Dakota funeral utilizing cremation still costs around \$6035.00. This is a 20% increase since 2004.

8) The cost of this legislation as estimated by the North Dakota Department of Human Services is \$566,000.00. Less than half of that will be in general funds.

9) Please be aware that the money budgeted for this asset exemption increase is not a handout. Rather, it is allowing our elderly citizens an opportunity to use their own money to pay

for their own funeral. This allows them to maintain their dignity, knowing they will not become a financial burden on their spouse, children or the county in which they live.

10) Please be aware that North Dakota's prepaid funeral account asset exemption is more conservative than most other states which follow the federal guideline which allows "any reasonable amount" to be set aside under the Medicaid prepaid funeral account asset exemption.

This change will be a meaningful and real benefit to North Dakota's elderly citizens and their families-the individuals who built this state to what it now is. In conclusion, I would recommend you vote "yes" on HB 1477.

If you have any questions or concerns about this legislation or anything else pertaining to funeral service please feel free to contact me at bradthomas@srt.com or 1-800-228-3588 or 838-2832. Thank you for taking the time to review this information and for representing us at the legislative session. It is appreciated.

Sincerely,
Brad Thomas, CFSP
Owner Thomas Family Funeral Home
Minot, North Dakota
Chairman of the NDFDA Legislative Committee

5

*Same
given to
Senate
Human Services*

HUMAN SERVICES COMMITTEE

HB 1477

REPRESENTATIVE MERLE BOUCHER

CHAIRMAN WEISZ AND MEMBERS OF THE HOUSE HUMAN SERVICES COMMITTEE.
FOR THE RECORD I AM REPRESENTATIVE MERLE BOUCHER, REPRESENTING
DISTRICT NINE (9)

HB 1477 IS A VERY DIRECT AND SIMPLE BILL. THE BILL INCREASES THE FIVE
THOUSAND DOLLARS (\$5,000.00) PRE-NEED FUNERAL SET ASIDE AMOUNT TO
SEVEN THOUSAND DOLLARS (\$7,000.00)

COMMITTEE MEMBERS YOU ARE LOOKING AT AN IMPORTANT POLICY DECISION.
YOU WILL BE LOOKING AT WHETHER OR NOT THE INCREASE IS JUSTIFIABLE.

WHAT IS A REASONABLE AND RESPONSIBLE AMOUNT IN TODAY'S FINANCIAL
ENVIRONMENT TO APPLY TOWARDS A PERSON'S FUNERAL EXPENSE?

I ASK THAT THE HUMAN SERVICES COMMITTEE GIVE THIS MATTER CAREFUL
DELIBERATION. I TRUST YOU WILL MAKE THE RIGHT DECISION.

THANK YOU.

Mr. Boucher

March 2, 2009

*Same given to Senate
approves 3-10-09*

#1

SENATE HUMAN SERVICES COMMITTEE
HB 1477

SENATOR LEE AND COMMITTEE MEMBERS:

My name is Jack McDonald. I'm here this morning on behalf of the North Dakota Funeral Directors Association to request that you give this bill a Do Pass. The appropriation for this bill was included in the Governor's Budget and is in HB 1012, the Department of Human Service's appropriation.

The costs for the most commonly requested North Dakota funeral now average \$9,313.59. This is an increase of 16% over the 2004 figure of \$7,848.35. You may hear that this is higher than the national average. It may be, but national figures reflect a greater use of cremation in the larger metropolitan areas than is the case in North Dakota.

The 2005 Legislature, as many of you will recall, increased the figure from \$3,000.00, which it had been since 1981, to \$5,000 in the hopes that this, combined with the \$3,000 available under the general asset allowance, would allow North Dakotans to have an average, dignified North Dakota funeral.

However, in reality most individuals are reluctant to use all of their \$3,000 asset allowance for a funeral when they may need it for other, personal needs, such as Christmas presents for their grandchildren, hair care and the like. And, the county social service personnel have been reluctant to advise recipients to use any of it for funeral purposes. Thus, in reality, the funeral allowance has stayed at approximately \$5,000 to \$6,000, rather than the \$7,500 - \$8,000 anticipated with the 2005 change.

This change is not being sought to benefit the funeral industry but rather North Dakota citizens, usually the elderly who have lived the good life and now find themselves on medical assistance and Medicaid. These are our parents. They deserve a dignified North Dakota service.

We have found that the difference between what individuals usually now set aside for a funeral (\$5,000 to \$6,000) and the cost of an average North Dakota funeral (\$9,313.59) is born by their aging spouses, their children or friends and relatives. This is who will benefit from this change. And, of course, not everyone has surviving spouses or children.

The costs of an average funeral listed above include advance items such as flowers, grave opening, clergy, food, etc. And, as you know, the cost of some of these items, particularly food and gasoline is spiraling out of control. This increase will at least soften the blow somewhat to the elderly and their families.

(OVER)

Some will argue that the increasing use of cremation may change these factors. It does, but not by much. First, cremation is only used in around 25% or so of North Dakota funerals now. And, the average dignified North Dakota funeral utilizing cremation still runs around \$6,035. This is a 20% increase since 2004.

This change will be a meaningful and real benefit to North Dakota's elderly citizens and their families – the individuals who built this state to what it now is – our “greatest generation” – in times of greater economic stress.

It is important to remember this money that is set aside is the individual's own funds, not state money. The appropriation is only for the anticipated extra costs for what are predicted might be more individuals qualifying for Medicaid because of this additional set aside. That is somewhat speculative.

The Governor's budget contained funds for an increase from \$5,000 to \$7,000. This was reduced by the House to a \$1,000 increase. This amount is now \$283,000.00, with \$104,649 in general funds and \$178,351 in special or federal funds.

The most common scenario for this increase comes about when a Medicaid recipient dies and his children come in to plan the funeral. They are told that Mom or Dad had \$6,500 set aside for the funeral, but find out that this will not pay for the type of funeral they desire to honor their parent. Funeral Directors work with the families to give them what they want. This bill will assist in that task.

This is not legislation to increase payments to funeral directors. It is legislation to allow our senior citizens a more dignified funeral and to somewhat help their surviving families. Funeral directors already absorb many costs in transportation of bodies for autopsies, county funerals and the like.

This change will be a meaningful and real benefit to North Dakota's elderly citizens and their families – the individuals who built this state to what it now is – our “greatest generation” – in times of greater economic stress.

We respectfully request that you give this bill a DO PASS. Thank you for your time and consideration. I'd be glad to answer any questions.

Testimony
House Bill 1477 – Department of Human Services
Senate Human Services Committee
Senator Judy Lee, Chairman
March 2, 2009

Chairman Lee, members of the Human Services Committee, I am Maggie Anderson, Director of Medical Services for the Department of Human Services. I am here in support of House Bill 1477.

The current asset limit for Medicaid eligibility is set at \$3,000 for a single household and \$6,000 for a two-member household. In addition, each eligible individual may have a pre-need funeral account of up to \$5,000. A recipient could designate any part of the \$3,000 asset allowance to also be used for funeral expenses. All earnings from the pre-need funeral accounts are not counted toward the asset limit. The current limit has been in effect since July 2005, at which time it was increased from \$3,000 to \$5,000.

During the current interim, the North Dakota Funeral Directors Association provided information to the Department that demonstrates the average cost for a funeral is \$9,314; they also requested the funeral set aside be increased to \$7,000.

The Department's 2009-2011 Executive Budget request to the House included the funding to increase the funeral set aside from \$5,000 to \$7,000.

The House amended HB 1477 and HB 1012 (DHS Appropriation) to increase the Funeral Set Aside from \$5,000 to \$6,000, rather than \$7,000 originally requested in 2009-2011 Executive Budget request. The

estimated cost for the amended bill is \$283,000 of which \$104,649 are general funds, and \$178,351 are federal funds. The funding for the Funeral Set Aside is contained in HB 1012.

This funding estimate is based on the Department's projection of the additional costs that will be incurred because individuals will be able to set aside additional assets and, therefore, will become eligible for Medicaid earlier than under the current limits on pre-need funeral funds.

Contingent upon approval of the Centers for Medicare and Medicaid Services (CMS), this increase is expected to be effective July 1, 2009.

I would be happy to respond to any questions you may have.



Medical Services
(701) 328-2321
Toll Free 1-800-755-2604
Fax (701) 328-1544
ND Relay TTY 1-800-366-6888
Provider Relations (701) 328-4030

John Hoeven, Governor
Carol K. Olson, Executive Director

March 4, 2009

To: Senator Judy Lee and Senate Human Services Committee
From: Maggie Anderson, Medical Services Division *Maggie*
RE: Effective Dates for HB 1477 and HB 1478

During the final preparations for our testimony in front of Senate Appropriations, we became aware that House Bill 1477 (Funeral Set Aside) and House Bill 1478 (SCHIP) do not contain effective date clauses; therefore, these bills would become effective August 1, 2009, rather than July 1, 2009.

We wanted to draw this to your attention in case you wanted to add an amendment to approve the effective date of July 1, 2009.

2

Krebsbach, Karen K.

From: Brad Thomas at Thomas FH [bradthomas@srt.com]
Sent: Saturday, March 07, 2009 4:52 PM
To: Krebsbach, Karen K.; Seymour, Tom J.
Subject: House Bill 1477 (Prepaid Funeral Account Asset Exemption for Medicaid)

Karen and Tom - It was my intention to deliver this information to the two of you at the Legislative Forum this morning. A death at a private residence didn't allow me to stay for the Forum. Therefore, please accept this information by e-mail for your review. Please confirm your receipt of this information. Thanks! Brad

March 7, 2009

Please be aware that in the coming days you will be asked, as a member of the Senate Appropriations Committee, to vote on HB 1477 (as amended by the House Human Services Committee). This legislation will increase the Medicaid prepaid funeral account asset exemption from \$5000.00 to \$6000.00. This legislation was passed by the House of Representatives on a vote of 88-4 and earlier this week was given a do pass recommendation by the Senate Human Services Committee on a vote of 5-0. Respectfully, I urge your favorable consideration of this legislation.

1) This bill was crafted by the North Dakota Funeral Directors Association following discussion with the North Dakota Department of Human Services personnel and former House Human Services Chairperson, Representative Clara Sue Price. Governor Hoeven felt comfortable enough about this legislation to include it in his budget.

2) The 2005 Legislature increased the prepaid funeral account asset exemption from \$3000.00, which it had been since 1981, to \$5000.00 in the hope that this, combined with the \$3000.00 available under the personal assets set aside, would allow North Dakotans to have an average North Dakota funeral.

3) However, in reality most individuals are reluctant to use all of their \$3000.00 personal assets set aside for a funeral when they may need it for other, personal needs. And, the county social service personnel, attorneys and nursing home personnel have been reluctant to advise recipients to use any of it for funeral purposes. Thus, in reality, the funeral allowance has remained at approximately \$5000.00 to \$6000.00 rather than increasing to the \$7500.00 - \$8000.00 anticipated with the 2005 change.

4) This change is being sought not to benefit the funeral industry but rather North Dakota citizens, usually the elderly who have lived their lives in North Dakota and now find themselves on Medicaid. These are our parents. They deserve the best we can give them. We have found that usually the difference between what individuals usually now set aside for a funeral (\$5000.00 to \$6000.00) and the cost of an average North Dakota funeral (\$9313.59) is borne by their aging spouses, their children or friends and relatives. **THIS IS WHO WILL BENEFIT FROM THIS CHANGE.**

5) The costs for the most commonly requested North Dakota funeral now average \$9313.59. This is an increase of 16% over the 2004 figure of \$7848.35.

6) The costs of an average funeral listed above include cash advance items such as flowers, grave opening and closing, clergy, food etc... the cost of some of these items, as you know, are spiraling out of control. This increase will at least soften the blow to the elderly and their families.

7) Some will argue that the increasing use of cremation may change these factors. It does, but not by much. Cremation is only used in about 25% or so of North Dakota funerals now. And the average North Dakota funeral utilizing cremation still costs around \$6035.00. This is a 20% increase since 2004.

8) The cost of this legislation (for the \$2000.00 increase as previously proposed) is estimated by the North Dakota Department of Human Services to be \$566,000.00. Less than half of that amount (\$209,000.00) will be funded by the state general fund. The remainder will be paid by the federal government. With a \$1000.00 (after amendment) increase the assumption can be made that the cost of this legislation to the ND general fund will be approximately \$100,000.00.

9) Please be aware that the money budgeted for this asset exemption increase is not a handout. Rather, it is allowing our elderly citizens an opportunity to use their own money to pay for their own funeral. This allows them to maintain their dignity, knowing they will not become a financial burden on their spouse, children or the county in which they live.

10) Please be aware that North Dakota's prepaid funeral account asset exemption is more conservative than most other states which follow the federal guideline which allows "any reasonable amount" to be set aside under the Medicaid prepaid funeral account asset exemption.

This change will be a meaningful and real benefit to North Dakota's elderly citizens and their families-the individuals who built this state to what it now is. In conclusion, I would recommend you vote "yes" on HB 1477.

If you have any questions or concerns about this legislation or anything else pertaining to funeral service please feel free to contact me at bradthomas@srt.com or 1-800-228-3588 or 838-2832. Thank you for taking the time to review this information and for representing us at the legislative session. It is appreciated.

Sincerely,
Brad Thomas, CFSP
Owner Thomas Family Funeral Home
Minot, North Dakota
Chairman of the NDFDA Legislative Committee

**Department of Human Services
Senate Appropriations Committee
House Bill 1012 and House Bill 1477
History of Funeral Set Aside**

Prior to 1981 there was no separate deduction for burial costs.

In 1981 the burial set aside was allowed at \$3,000.

In 2005 the funeral set aside was increased to \$5,000.

The 2009-2011 Executive Budget requested an increase in the funeral set aside to \$7,000.

The language for the change in the set aside is contained in 2009 House Bill 1477. This bill as amended by the House, and with a Do Pass out of Senate Human Services, would increase the funeral set aside to \$6,000.